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MMARS Policy: Grants

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Cash Management Improvement Act (CMIA) And Automated Central Draw Policy

Executive Summary

The Cash Management Improvement Act (CMIA) provides the general rules and procedures for the efficient transfer of federal financial assistance between the federal government and the states. The Cash Management Improvement Act Agreement between the Commonwealth of Massachusetts and the Secretary of the Treasury, in the United States Department of the Treasury, is known as the Treasury-State Agreement (TSA). Each year, the Commonwealth enters into a TSA with the Financial Management Service (FMS), U.S. Treasury. Programs (CFDA#'s) required to be included in the agreement are those that meet the major program definition in the Statewide Single Audit.

Considerations

The Treasury-State agreement may be negotiated by the Office of the Comptroller (CTR) for a five-year period, but must be amended annually as programs go on and off, based upon the threshold. The TSA may be modified at any time at the request of either party, with the agreement of both parties. Currently, the Commonwealth has opted to include all programs with a threshold of \$5,000,000 or greater in expenditures, as part of the TSA.

Policy

In order to assure compliance with federal CMIA requirements, all draws of federal funds must be processed through the Commonwealth's Automated Central Draw process, under the supervision of the Comptroller. CTR may delegate draw authority directly to a state department if CTR determines that federal restrictions or currently available payment mechanisms are inconsistent with the efficient use of the Automated Central Draw process. TRE processes all requests for federal funds on behalf of state departments. Departments are responsible for working with CTR and TRE to ensure that federal funds are received in a timely fashion, and in compliance with all federal and state regulations. Departments must

inform the Comptroller of impending changes in processes, accounts, or in codes that may affect future requests for federal funds.

Automated Central Draw

All grantee departments participating in the Automated Central Draw enter expenditures into the MMARS system prior to the receipt of funds. A nightly cycle picks up warranted payments and administrative costs that are summarized weekly, creating a Draw File and Cash File that are then passed to TRE. TRE uses the Draw File to request reimbursement from each federal agency from which funds are due. Once all the funds expected from the federal government are collected, TRE processes the Cash File for recording in MMARS.

Federal Grant Amounts

Federal Grants are any financial assistance available to a state agency from the United States Government, distributed through a congressionally defined formula or awarded through a competitive process. The latter are termed categorical grants and are usually represented in New MMARS as appropriation Type 4FN. All federal grant accounts must use the Reimbursable Grant budget structure, which is not Budget Fiscal Year sensitive. The General Appropriation Act and/or the federal award letter determine the authorized amount for a federal grant. It is the responsibility of the Grantee to file timely reports with the awarding federal agency, and to prevent expenditures from exceeding the amount of the award.

Internal Controls

Under Construction

Information Sources

- Related Procedure – None
- Legal Authority – [M.G.L. c.7A](#); Cash Management Improvement Act (CMIA)
- Attachments - None
- Links - www.fms.treas.gov/cmia/index.html
- Contacts - [CTR Help Desk](#)

Revisions

November 1, 2006 – Removed language referencing Knowledge Center and updated relevant links to Mass.gov portal site.